UNITED
NATIONS

E

Economic and Social Council

Distr.
GENERAL

E/CN.17/1996/11/Add.1
4 March 1996

ORIGINAL: ENGLISH

COMMISSION ON SUSTAINABLE DEVELOPMENT
Fourth session
18 April-3 May 1996

Integrating environment and development in decision-making

Report of the Secretary-General

Addendum

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I. INTEGRATING ENVIRONMENT AND DEVELOPMENT AT THE POLICY, PLANNING AND MANAGEMENT LEVELS

National implementation

1. Many countries have shown a commitment to an integrated process of decision-making for sustainable development, which is a major achievement in the aftermath of the United Nations Conference on Environment and Development (UNCED) (see document E/CN.17/1996/11). The impetus for integrated policies and strategies arises both from internal awareness and demand and from external demand, such as the "pre-accession strategy" of the European Community, which has recently developed Association ("Europe") Agreements with Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia. The pre-accession strategy includes, inter alia, (a) extensive exchange of information on policy and strategies for sustainable development; (b) evaluation of priorities for a programme aiming at the convergence of environmental policies and the approximation of environmental legislation of the associated countries; (c) close cooperation with the European Environment Agency; (d) elaboration of a programme for regional cooperation and encouragement of transborder cooperation; and (e) integration of environmental requirements into transport policies and close cooperation in the preparations for the United Nations Economic Commission for Europe (ECE) Conference on Transport and Environment in 1996.

2. The European Commission approved a series of internal measures, in June 1993, intended to ensure the integration of environmental considerations in its proposals on other areas of Community policy-making.

3. The assistance of the international community also provides support for the development of integrated policies and plans. Twenty-six countries in the region of Asia and the Pacific will participate in a project with the Economic and Social Commission for Asia and the Pacific (ESCAP) on Integration of environmental considerations into economic decision-making and management. ESCAP has also undertaken related activities for Pacific island developing countries, including the creation of a mechanism for monitoring its responsibilities in relation to the Programme of Action for the Sustainable Development of Small Island Developing States. 1/ In Western Asia, the Economic and Social Commission for Western Asia (ESCWA), in cooperation with the United Nations Environment Programme (UNEP), is doing similar work on a country-by-country basis.

4. United Nations Development Programme (UNDP) country offices have given priority to lending support to Governments in the follow-up to Agenda 21 through the development of national Agenda 21 projects and through the creation of national environmental action plans (NEAPs) or similar plans and strategies. Ministries of industry and industrial associations are being assisted by the United Nations Industrial Development Organization (UNIDO) - on the one hand, to prepare environmental strategies and, on the other, to devise cost-effective industrial environmental regulatory programmes. UNIDO is working with Governments to secure funding for particular aspects of their national sustainable development strategies.

5. The scientific and technical data and information that are generated in the programmes of the United Nations Educational, Scientific and Cultural Organization (UNESCO), if properly used and linked to societal and economic considerations, can improve decision-making processes and nurture planning and management systems. Above all, they can contribute to shaping national strategies for sustainable development. Basic and higher education, cultural development and the promotion of social and human sciences are cornerstones of the development process. The Man and the Biosphere programme of UNESCO, the programmes of the Intergovernmental Oceanographic Commission, the International Hydrological Programme, the International Geological Correlation Programme, the programmes in basic and engineering sciences, and the project on the management of social transformations all illustrate efforts to support integration. The new UNESCO project on environment and population education and information for human development is expected to provide transdisciplinary information, education and awareness, as is the new UNESCO interdisciplinary project on environment and development in coastal regions and small island States, which introduces integrated coastal zone planning and management in relevant countries.

6. Integrated decision-making underlies the work of the United Nations University (UNU), through, for example, the Global Network on Natural Disaster Risk Management (GLO-DISNET) and its Small Islands Network.

7. People, especially in rural areas, are the primary managers of natural resources on a daily basis. The United Nations Children's Fund (UNICEF) stresses the impact of communities and people on the effective integration of environment and development in decision-making, planning and management. If properly motivated, communities will contribute to the integration of environment and development at national and regional levels. This means that communities must both be well informed and given the opportunity to participate in the development of integrated strategies. UNIDO also supports sustainable development strategies at levels of regions, municipalities or districts through an Area-Wide Environmental Quality Management Plan. This leads to decentralized assessment, priorities and action plans, complementary to those at the national level.

Means of implementation: networks, capacity-building and environmental impact assessment

8. Environmental impact assessment (EIA) has become a relatively common tool for integrating environmental, social, institutional and economic considerations in decision-making in recent years, as discussed in document E/CN.17/1996/11. In addition, the European Commission has been working on a Directive for Strategic Environmental Assessment for some time. A new proposal has been prepared and is now listed in the 1995 legislative programme. Although the directive would not introduce EIAs at the policy level, it would require EIAs to be conducted for certain plans, such as the Trans-European Road Network (TERN), and for programmes prepared in order to implement policy.

9. Several organizations of the United Nations system assist countries in the use of EIA. UNIDO supports environmental technology assessment in specific factories. It plans to study the effects of selected industrial policies on the

procedural guide on regional risk assessment and management in the framework of a joint project with UNEP, UNIDO and the World Health Organization (WHO).

10. UNEP has recently reoriented its focus on environment assessment and is now providing a "second generation EIA" that moves from its traditional role to a practical and effective tool for sustainable development. Emphasis is placed on addressing the challenges facing EIA and on strengthening national capacities, on promoting effective implementation and follow-up, on evaluation and on providing practical and concrete methodologies. On this basis, and through a number of workshops, UNEP has developed an EIA framework for country-specific guidelines to help African countries integrate environmental concerns in their national sustainable development strategies. In March 1995, UNEP, in collaboration with the World Bank, organized a Workshop on the Environmental Impacts of Structural Adjustment Programmes.

11. In collaboration with the International Union for the Conservation of Nature and Natural Resources (IUCN), UNEP is developing three publications on environmental assessment: a "good practices" document that will provide the basic principles in the design of EIA guidelines and procedures; a training resource manual on EIA; and a compendium of case studies in EIA. Other areas of collaboration include the organization of regional workshops on EIA training, capacity-building and methodology, and the provision of EIA services to developing countries.

12. Networking provides another tool for implementing integrated policies and plans for sustainable development. Most networking is done on an information basis as the result of bilateral contacts, workshops and conferences. International organizations are in a good position to help initiate and strengthen networks because of their multilateral role. For example, UNIDO is working with national networks of institutions and people to incorporate an industrial dimension into the preparation of national sustainable development strategies, and it will bring the core group members of each of these national networks together, in Africa, Asia and Latin America, to share their experiences. The first regional workshop for Asia took place in China in 1995; workshops in Africa and Latin America are planned for 1996.

13. A number of non-governmental organizations are also active in this area, among them IUCN, the International Institute for Environment and Development and the International Institute for Sustainable Development. The non-governmental Network for Environment and Sustainable Development in Africa (NESDA) serves as a focal point for the exchange of experiences by African experts in the area of sustainable development on the continent. During the past two years, NESDA has focused most activities on organizing seminars and regional and thematic workshops dealing with integrating environmental considerations at policy, planning and management levels in its various member countries, and has participated in the preparation of national strategies for environmental management and sustainable development in seven African countries (Benin, Burkina Faso, Cameroon, Gambia, Guinea, Kenya and Malawi).

14. Capacity-building is essential to good policy-making. Key institutions may need to be strengthened and people trained in the tools and methodologies of decision-making. The exchange of experience between one country and another may

open up more options to policy makers. All countries, in all regions of the world, are fully engaged in this process. Organizations of the United Nations system support countries in this work. Non-governmental organizations, at international, national and local levels, all contribute to capacity-building for integrative decision-making as well.

International cooperation

15. At least four different sets of actors influence strategies developed at the national level. These include (a) national decision makers, who are accountable to their national constituencies in the first instance, but who, on the basis of having voluntarily entered into various agreements, may be accountable in part to intergovernmental bodies, conferences of the parties to treaties, development banks and donor countries; (b) intergovernmental bodies of relevance to sustainable development, who are accountable to their member States; these bodies routinely place demands on countries, inter alia, to develop strategies, plans and programmes that are largely sectoral; multilateral funding may be contingent on the implementation of these demands; (c) conferences of the parties to international conventions related to sustainable development; countries that have ratified conventions are accountable to the conferences of the parties for implementing the terms of a convention; this also frequently involves undertaking specific strategies, plans or actions related to sustainable development; and (d) donor countries.

16. With donor countries, the relationship may be the most intricate. Donor countries are accountable, in the first instance, to their respective legislative and/or executive bodies. They must be able to demonstrate that their funds are "well spent", that is, that they are effective in advancing sustainable development. They also have a responsibility to the countries they seek to assist. Much of the donor country assistance is also of a sectoral nature. Increasingly it is conditional on environmental impact statements, environmental strategies and, to a lesser extent, evidence of a sustainable development strategy.

17. The actors are many; the demands complex; the accountability varied. In addition to the work being undertaken by countries themselves, two major efforts in the international community are currently under way to begin to address some of these issues. These are discussed below.

18. Donor coordination. Studies have indicated that countries receiving assistance may feel a lack of ownership of the strategy-making process; that donor demands on capacity and time are onerous; that funding and technical assistance tend to be attached more to the various conditionalities than to comprehensive goals or targets, or to building capacity; that conditionalities tend to be short-term; and that they exacerbate institutional rivalries and isolation.

19. One major study on donor coordination, undertaken early in 1995 by the World Resources Institute (WRI), in cooperation with UNDP, the Swedish International Development Authority (SIDA) and the United States Agency for International Development (USAID), looked at sustainable development strategies in six countries: Bangladesh, Bolivia, Indonesia, Mali, Nicaragua and United

Republic of Tanzania. Among the findings are the following: (a) in most cases, coordination tends to focus on ministries of the environmental and natural resources, not finance or economy, and the best coordination appears to be sectoral; (b) there is a need for donors to provide more informal, country-based forums to reach agreement on common approaches and collaborate on work; (c) donor requirements may be useful in providing focus where they are consistent with a country's priorities. Most burdensome, however, are those requirements for various environmental standards, procurement regulations and reports that must adhere to different guidelines or formats; (d) national politics, commercial demands, varying programming and budget cycles and so forth of donor countries themselves impose constraints to donor coordination; and (e) reductions in financial commitments and technical staff and trends towards decentralized decision-making all complicate coordination.

20. United Nations system coordination. As noted in the report of the Secretary-General on integrating environment and development in decision-making (E/CN.17/1995/19), submitted to the Commission on Sustainable Development at its third session, the Inter-Agency Committee on Sustainable Development (IACSD) expressed concern that, as countries consider formulating sustainable development strategies, they were likely to be overwhelmed by the infrastructural and institutional requirements of already existing sustainable development and environmental strategies and programmes established both by the organizations of the United Nations system and by bilateral agencies. At its fifth meeting (1-3 February 1995), IACSD agreed to pursue this issue and requested UNDP to take the initiative to convene a task force on the topic. The Task Force met for the first time on 11 July 1995 and agreed on two points. First, that IACSD would seek to develop a common approach to national strategies for sustainable development and submit both this and a framework of lessons learned to the Commission on Sustainable Development in 1997. Second, the Task Force agreed that, in an effort to bring the United Nations system close together in a consolidated view of how sustainable development plans and strategies could integrate sector issues, whether in response directly to national laws or to obligations under international law, the United Nations system agencies would focus on four countries: one in Asia and the Pacific, one in Africa, one in Latin America and the Caribbean and one with an economy in transition. The target was to conclude this work before the fourth session of the Commission, but funding difficulties have made that impossible.

21. The Intergovernmental Negotiating Committee for the Elaboration of an International Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa noted its agreement that donor countries and organizations required too many different environmental and developmental plans from developing countries and pointed out that articles 2 and 9, paragraph 1, of the Convention, and article 6, paragraph 1, of regional implementation annex I also called for an integrated approach.

II. PROVIDING AN EFFECTIVE LEGAL AND REGULATORY FRAMEWORK

National implementation and means of implementation: capacity-building, model legislation and networking

22. Laws and regulations suited to country-specific conditions are among the most important instruments for transforming environment and development policies into action, not only through command and control methods but also as a normative framework for economic planning and market instruments. Most progress in this area evolves in response both to national demand and to commitments made at the international level, particularly by becoming a signatory to an international agreement. This is discussed in document E/CN.17/1996/11.

23. The process is also furthered through technical assistance for strengthening environmental legislation, policy and administration in developing countries, such as that provided by UNEP, with an orientation on (a) integration of the programme within overall endogenous capacity-building established by Agenda 21; and (b) building of partnerships with various international agencies involved in capacity-building activities. A UNEP/UNDP Joint Project on Environmental Law, for example, funded by the Government of the Netherlands, is currently being implemented in Africa, with a steering committee that includes the Government of the Netherlands, UNEP, UNDP, the Food and Agriculture Organization of the United Nations (FAO), the World Bank, WHO and IUCN. Similar projects are being considered for Asia and the Pacific and Latin America and the Caribbean.

24. Since 1992, UNEP, the United Nations Institute for Training and Research and the United Nations Centre for Human Settlements (Habitat) have been cooperating in conducting a training programme in environmental law and administration at global, regional and national levels to sensitize a range of participants and to assist in the formulation of legislation and policy, in which a number of United Nations and other international agencies have collaborated.

25. The main focus of the work of UNU in this area rests on strengthening the curricula of developing country academic institutions and setting up new courses. IAEA organizes, inter alia, in cooperation with the Nuclear Energy Agency of the Organisation for Economic Cooperation and Development and the European Commission, annual training seminars on nuclear law and safety standards for lawyers and regulators from Eastern and Central Europe. The main subjects of training include liability for nuclear damage, safety of nuclear installations including safety culture, and physical protection of nuclear material. The secretariat of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal has established regional centres for training and technology transfer.

26. The development of international instruments in matters regarding nuclear safety by way of harmonization and codification of established practice has been closely linked to the development of international environmental law. To prepare such instruments, IAEA, in its area of competence, has been monitoring legislative changes enacted in its member States. This applies notably to legislation on waste management and disposal, transport of nuclear material by

all modes, radiation protection, liability for nuclear damage, safety of nuclear installations, information on accidents and incidents and emergency preparedness.

27. A number of the secretariats of conventions have worked with countries to develop model legislation and regulations. The secretariat of the Basel Convention, for example, has prepared model national legislation and technical guidelines for the environmentally sound management of wastes subject to the Convention; the secretariat of the Vienna Convention for the Protection of the Ozone Layer provides model national legislation on request; the Division for Ocean Affairs and the Law of the Sea of the Office of Legal Affairs of the United Nations Secretariat has issued guidelines for the implementation of certain provisions of the United Nations Convention on the Law of the Sea; and UNEP recently published a legislative guidance document designed to assist countries in developing the national regulatory system needed for participation in the prior informed consent (PIC) procedure and for sound chemicals management. The International Civil Aviation Organization (ICAO) works with States to improve their awareness of ICAO standards and their effective implementation.

28. Advisory services are also provided by a number of organizations, including IAEA, in the area of nuclear safety and radioactive waste management. UNEP works through national task forces that are responsible for drafting the necessary legislative texts with backstopping from UNEP staff or international legal consultants. Wherever possible, the legislative and institutional aspects of sustainable development have been addressed within the frameworks of NEAPs.

29. Non-governmental organizations also contribute in this area. NESDA, for example, in collaboration with the Centre for International Development and Environment of WRI, conducted a one-year study on institutional mechanisms for environmental management in Africa. The study focused on institutional structures for sustainable development, including policy, legislation and planning in nine African countries - Botswana, Ethiopia, the Gambia, Ghana, Guinea, Madagascar, Mali, Uganda and the United Republic of Tanzania - all of which have adopted national strategic planning processes.

III. MAKING EFFECTIVE USE OF ECONOMIC INSTRUMENTS AND MARKET AND OTHER INCENTIVES

30. Policies, plans and legislation are important but cannot alone be expected to deal with the problems of environment and development. Prices, markets and governmental fiscal and economic policies play a complementary role in shaping attitudes and behaviour.

31. These issues are discussed at length in two reports of the Secretary-General that are before the Commission: the addendum to the report on changing consumption and production patterns (E/CN.17/1996/5/Add.1) and the addendum to the report on financial resources and mechanisms for sustainable development (E/CN.17/1996/4/Add.1).

IV. ESTABLISHING SYSTEMS FOR INTEGRATED ENVIRONMENTAL AND ECONOMIC ACCOUNTING

Strengthening national accounting systems

32. A number of countries have attempted to develop systems of integrated environmental and economic accounting. Efforts in developed countries are generally proceeding either on an individual country basis or through the work of the Statistical Office of the European Communities (EUROSTAT); in a number of developing countries, including Colombia, Ghana, Indonesia, Mexico, Papua New Guinea, the Philippines, Republic of Korea and Thailand, projects are under way with the support of the United Nations Statistics Division, the World Bank, the UNDP and UNEP. Indonesia, Colombia and Ghana are implementing pilot case studies on the application of techniques of integrated environmental and economic accounting, with support from the Statistics Division and UNEP.

33. The studies will provide these countries with an adjusted indicator for their real sustained growth and highlight the need for the degradation and depletion of natural resources to be reflected in national income accounts. Hungary has initiated a project on environmental resource accounting. UNEP is in the process of initiating two pilot case studies on the application of environmental resource accounting, with particular emphasis on biodiversity and coastal and marine resources, one in a selected country in Africa and the other in Western Asia. These will be carried out in close cooperation with the United Nations Statistics Division, UNEP regional offices and relevant institutes.

34. The System for Integrated Environmental and Economic Accounting (SEEA), developed by the United Nations Statistics Division, aims at the following: segregation of all environment-related flows and stocks of traditional national accounts, notably environmental protection expenditures; linkage of physical natural resource accounts and indicators with monetary environmental accounts and balance sheets; incorporation of environmental costs and benefits in natural resource depletion and environmental quality degradation in the income and production accounts of SNA; accounting for the maintenance of tangible wealth, extending the concept of capital to cover not only man-made but also natural capital; and elaboration and measurement of environmentally adjusted indicators of cost, capital, income and production, and as a sum of the total, an environmentally adjusted net domestic product (EDP).

35. This effort was supported by the World Bank, which worked further on developing genuine savings measures, to be calculated within SEEA. In addition, in an attempt to improve the empirical base for decision-making, the World Bank recently published the first edition of Monitoring Environmental Progress. The report primarily focuses on stock measures and identifies certain key questions that indicators should help answer, such as "Are we saving enough for the future?" and, "Where is the wealth of nations?" The report explores the strengths and weaknesses of existing indicators and suggests avenues for further development.

36. Further work (including country case studies) on SEEA and indicators will proceed under the leadership of the newly created Indicators and Environmental Valuation Unit of the World Bank. This work will be done in close collaboration

with the United Nations Statistics Division and many collaborating governmental and non-governmental institutions. The work of EUROSTAT in developing satellite accounts for the system of national accounts is discussed in document E/CN.17/1996/11.

37. ESCAP has developed a framework and guidelines for natural resources accounting that builds on earlier guidelines by including non-market sectors and non-commercial fuels and valuation of changes in soil quality and of such exhaustible resources as oil and coal. The document includes examples of the use of natural resource accounting for forest logging and oil and gas exploitation in Indonesia; for subsoil assets in Papua New Guinea; and the effort in the Philippines to modify its system of national accounting. As noted above, case studies will also be carried out by the World Bank on SEEA, in close cooperation with the United Nations Statistics Division.

38. A number of workshops have been organized to look at specific applications of national accounting systems. In 1994, UNEP convened a workshop on Environmental and Natural Resource Accounting with Particular reference to Countries in Transition, in cooperation with the United Nations Statistics Division and ECE. The workshop was hosted by Slovakia. A Workshop on Environmental and Natural Resource Accounting for countries in the West Asia region (Ankara, June 1995) was organized jointly by UNEP and the Statistical, Economic and Social Research and Training Centre for Islamic Countries, in close cooperation with the United Nations Statistics Division, ECE and ESCWA.

39. In late 1993, the World Wide Fund for Nature (WWF) started a comprehensive review of country experience and interviews with major international organizations and individual experts that have been involved in integrated accounting. The major objective was to disseminate accessible information to policy makers and the interested public with a view to generating a global momentum for integrated accounting. In May 1995, WWF issued a publication entitled Real Value for Nature: An Overview of Global Efforts to Achieve True Measures of Economic Progress.

40. The WWF network has also been actively supporting integrated accounting at the national level in, for example, India, Italy, Japan, Malaysia, New Zealand, Spain and the United Kingdom of Great Britain and Northern Ireland.

Means of implementation: assessment, data and information collection and technical cooperation

41. The results of country projects and pilot studies are assessed and the methodology refined. In this process, the United Nations Statistics Division is collaborating actively with the regional commissions on both environmental statistics and environmental accounting.

42. The United Nations Statistics Division prepared two reports entitled Concepts and Methods of Environment Statistics, one relating to human settlements and the other to the natural environment. These reports describe detailed sets of statistical variables and facilitate the identification and selection of statistical series for national and international data collection.

43. For its publication Monitoring Environmental Progress, the World Bank collected data for 192 countries. All workshops, reviews and studies undertaken represent contributions to data and information collection.

44. UNESCO assists in generating criteria for establishing systems for integrated environmental and economic accounting. For example, regular statistical surveys are undertaken in specific subject areas. International education indicators are refined and their comparability improved. The UNESCO Statistical Yearbook provides the basis for estimations and projections in development.

45. Strengthening data and information collection will be covered in more detail in the report of the Secretary-General on chapter 40 of Agenda 21, entitled "Information for decision-making" (E/CN.17/1996/18 and Add.1).

Strengthening other international cooperation

46. The World Bank launched its new publication, Monitoring Environmental Progress, at a Conference on Environmentally Sustainable Development in October 1995. In May 1995, a conference on the topic "Taking nature into account", was organized by the Club of Rome, the European Commission, the European Parliament and WWF, among others, to accelerate the implementation of integrated environmental and economic accounting in the European Union. The Club of Rome and WWF launched an action plan focusing on the European Union. As a follow-up to that conference, in October 1995 the European Parliament adopted a resolution requesting the European Commission and States members of the European Union to implement integrated accounting by 1999. The European Parliament also requested that integrated accounting be built into the framework of the 1995 European System of Accounts (ESA).

V. MAIN TRENDS IN THE FUTURE

47. At the national level there appears to be a trend towards a more integrative approach to decision-making, although this has not always taken, and will not necessarily take, the form of comprehensive sustainable development strategies. More attention, however, is being given at national, bilateral and international levels to coordinating sectoral and "special interest" plans, strategies and targets in a manner aimed at achieving consistency, efficiency, effectiveness and movement towards an integrated goal of sustainable development. There is also considerable evidence that decision-making at the national level is opening itself up to broader and, in some cases, more decentralized participation.

48. Less appears to be under way in the area of national legal and regulatory frameworks. Whereas most countries already have some process in place to develop integrated strategies and develop plans on a regular basis, fewer have comparable routine processes in the area of law. Legislative reform requires a strong cadre of people trained in law and well versed in the demands of sustainable development. There is no evidence that these cadres exist to any great extent in most countries.

49. Integrated environmental and economic accounting is likely to increase in use, at least on pilot and experimental bases. The challenge will be for the necessary methodological work to keep pace with the attempts to implement it at the national level.

Notes

1/ Report of the Global Conference on the Sustainable Development of Small Island Developing States, Bridgetown, Barbados, 25 April-6 May 1994 (United Nations publication, Sales No. E.94.I.18 and corrigenda), chap. I, resolution 1, annex II.